

LANDING PAGE

Many things can lead to financial difficulty. It can happen to anyone. This guide is designed to help you understand the options that may be available if you're struggling financially.

The information provided is only a guide, so it's a good idea to contact your bank as soon as you can if you're worried about money.

PRE-ARREARS: I'M WORRIED I CAN'T MAKE MY REPAYMENTS

If you're worried about personal loan repayments, please talk to your bank

If you're struggling to keep on top of your finances, you're not alone. Your bank is ready to listen and consider possible solutions that are right for you. Under the National Credit Code and the Banking Code of Practice, your bank is required to consider your request for assistance, known as a hardship request.

It's important to be open and realistic when talking about your financial position. In turn, your bank will be compassionate in trying to understand your situation when discussing how it can help.

If you hold multiple loans or finance packages from different credit providers, you should contact each of the providers as well.

When should I talk to my bank?

Your bank is ready to listen and help. Don't be afraid to contact them as soon as possible. The sooner you do, the sooner they can help you find a solution that is right for you.

Help to improve your situation

Taking a closer look at your budget could help you to get your finances back on track.

You'll need to consider your income, expenses, the debt you're managing and any savings and investments you have. Are there any changes you could make to reduce your expenses and consolidate debts?

Doing this will give you a better understanding of how much you can save, or where you could make cuts in your spending to improve your financial health.

For assistance with budgeting, you could use the online [Moneysmart budget planner](#).

This is a good step to take, as your bank may ask you about your income, expenses and any changes you intend to make when discussing options to assist you.

Are there better ways to manage your repayments?

Depending on your circumstances, and your bank, there may be ways for you to work through these difficult times and keep repayments on track. These include:

Consolidate multiple loans into a single loan

If you have multiple personal loans and credit cards too, then depending on your situation and bank, you may be able to consolidate your cards or outstanding balance onto a personal loan and pay off the balance with regular instalments.

You may be able to receive relief from repayments

Talk to your bank about your situation and they may be able to arrange a deferral or reduced payments on your personal loan.

Reduced payment arrangements

Talk to your bank about whether you could arrange payments at a reduced interest rate or reduce your minimum repayment amount.

Your bank may ask for relevant information depending on your circumstances, so they can understand better ways they might be able to help with the potential options available. This may include:

- Proof of income - recent pay slips, profit/loss statement for self-employed, rental income, centre link income, notice of termination and termination payments.

- Essential expenses – rent/mortgage payments, summary of outstanding bills and credit card statements / loan payments from other financial providers.

If you have contacted your bank to let them know you are worried about repayments, your bank can ask for relevant information within 21 days of you contacting them. When your bank asks for this information, you must provide it within 21 days.

If your bank doesn't allow you to change the terms of your loan, they need to tell you why in writing and give you details about where you can complain.

SMART TIP

If you are managing multiple debts, there are plenty of free options to help you get your finances under control. You do not need to use a paid service. Helpful information about how to work with creditors is available through the [National Debt Helpline](#).

Take care of yourself and seek help

Please reach out if you feel you are in over your head. You could also contact the [National Debt Helpline](#) on 1800 007 007 and speak with a financial counsellor. [Financial counsellors](#) are qualified professionals who provide free, independent and confidential information and advice to people in financial difficulty.

[Charities and community organisations](#) can also provide urgent help with food, housing and bills as well as emotional support.

You could also contact [Beyond Blue](#) on 1800 512 348 who offer a wellbeing and mental health support service.

If you have debts with multiple banks, [Way Forward Debt Solutions](#) may be able to help you manage your debt.

[Moneysmart](#) is another useful resource to help you.

ARREARS: I'M HAVING TROUBLE MAKING MY REPAYMENTS

If you're having trouble making personal loan repayments, please talk to your bank

If you're struggling to keep on top of your finances, you're not alone. Your bank is ready to listen and consider possible solutions that are right for you. Under the National Credit Code and the Banking Code of Practice, your bank is required to consider your request for assistance, known as a hardship request.

It's important to be open and realistic when talking about your financial position. In turn, your bank will be compassionate in trying to understand your situation and when discussing how it can help.

If you hold multiple loans or finance packages from different credit providers, you should contact each of the providers as well.

Help to improve your situation

Taking a closer look at your budget could help you to get your finances back on track.

You'll need to consider your income, expenses, the debt you're managing and any savings and investments you have. Are there any changes you could make to reduce your expenses and consolidate debts?

Doing this will give you a better understanding of how much you can save, or where you could make cuts in your spending to improve your financial health.

For assistance with budgeting, you could use the online [Moneysmart budget planner](#).

This is also a good step to take as your bank may ask about your income, expenses, and any changes you intend to make when discussing options to help you.

SMART TIP

If you can, keep making repayments, even if they're smaller. This will help reduce the level of any arrears.

What are some of your other options?

Your bank will have a dedicated customer support team ready to assist you during tough times. They can provide you with tools to help you manage your budget and better understand your situation.

Some other options your bank may be able to offer include:

- Temporarily postponing or deferring repayments
- Agreeing an alternative arrangement repayment plan.

In exceptional circumstances, your bank may be able to reduce or waive your unsecured personal loan debt on a case-by-case basis and on compassionate grounds.

This is at the bank's discretion. Your bank will take into account your individual circumstances, whether you're unable to meet your payments now and in the future, whether the hardship is genuine and caused by factors outside your control, and commercial considerations.

If your bank doesn't allow you to change the terms of your loan, they need to tell you why in writing and give you details about where you can complain.

What happens if you can't make loan repayments?

Stay in contact with your bank and remember they will try to find a workable solution.

If you continue to miss your loan repayments, it's essential to keep talking to your bank because avoiding them may lead to your bank taking further action, including charging you late fees.

You could also call the [National Debt Helpline](#) on 1800 007 007 and speak with a financial counsellor.

How missed payments affect your credit rating

In normal circumstances missing or making a late repayment on your loan will affect your credit rating. The longer your payment is past due, the greater the negative impact it will have. If your bank takes legal action against you, this can further impact your credit rating. A poor credit rating can affect your ability to receive finance in the future. Your bank will tell you if they make a report about a default to a credit reporting body.

However, as part of a COVID-19 assistance offered by banks, the banks have agreed customers would not have any missed payments reflected on their credit report for the period of the payment deferrals.

If your bank is working out whether they can help you with financial hardship, they are not usually allowed to report overdue payments to credit reporting bodies.

Avoid companies offering to repair your credit rating. The [Moneysmart](#) website explains what you can fix and how to do it for free.

SMART TIP

Steer away from companies offering to 'save' you money by negotiating reduced repayments. These companies charge high upfront and ongoing fees and could leave you worse off. Speak to a free, independent, and confidential [financial counsellor](#) instead.

Take care of yourself and seek help

Please reach out if you feel you are in over your head. You could also contact the [National Debt Helpline](#) on 1800 007 007 and speak with a financial counsellor. [Financial counsellors](#) are qualified professionals who provide free, independent, and confidential information and advice to people in financial difficulty. [Charities and community organisations](#) can also provide urgent help with food, housing and bills as well as emotional support.

You could also contact [Beyond Blue](#) on 1800 512 348 who offer a wellbeing and mental health support service.

If you have debts with multiple banks, [Way Forward Debt Solutions](#) may be able to help you manage your debt.

[Moneysmart](#) is another useful resource to help you.

What if you're not happy with your bank's response?

If you're not happy with your bank's response, you can make a complaint. You can find more information [here](#)

In many cases, the complaint will be resolved internally between you and your bank with no further action required.

However, if your bank still doesn't resolve the complaint to your satisfaction, you can take your complaint to the [Australian Financial Complaints Authority \(AFCA\)](#).

AFCA is an independent complaints scheme that is free for consumers. It provides an accessible way of resolving disputes, without having to go to court. The decision of the AFCA is binding on the bank.

You should only go to the AFCA after you have tried to resolve things with your bank, as AFCA will not deal with your complaint unless you have first given the bank the chance to help you.

If you want some support in making a complaint, a financial counsellor may be able to assist you. Call the [National Debt Helpline](#) to speak with a financial counsellor 1800 007 007.

DEFAULT: I'VE BEEN CONTACTED ABOUT MY MISSED PAYMENTS

If your bank has contacted you for missing loan repayments, you should talk to them

You're not alone if you're struggling to keep on top of your finances. If your bank has contacted you because of failing to make loan repayments, you should stay in contact with the bank.

Your bank is ready to listen and consider possible solutions that are right for you. Under the National Credit Code and the Banking Code of Practice, your bank is required to consider your hardship request.

It's important to be open and realistic when talking about your financial position. In turn, your bank will be compassionate in trying to understand your situation when discussing how it can help.

If you hold multiple loans or finance packages from different credit providers, you should contact each provider as well.

The sooner you get in touch, the sooner you can start to find help.

SMART TIP

Steer away from companies offering to save you money by negotiating reduced repayments. These companies charge high up front and ongoing fees and could leave you worse off. Speak to a free, independent and confidential [financial counsellor](#) instead.

What happens if you fail to make loan repayments?

If you continue to miss your loan payments, it's essential to keep talking to your bank because avoiding them may lead to your bank taking further action including charging you late fees.

If the loan was provided for, and secured against, an asset such as a car or boat, your bank may look to take possession of this and sell it to pay off the amount owing on the loan.

The bank may choose to engage a specialised collections business (Mercantile Agent) to collect the amount owing on its behalf, or it may choose to sell your debt to a debt recovery business. You would then need to work with this business to pay off the amount owing. Debt collectors also have legal obligations to consider any hardship request you make in relation to paying this debt off.

If you don't contact your bank during this period and agree to put an arrangement in place, the bank could commence legal action to recover the loan. There are several steps in this process and your bank will try to help you find a solution that's right for you.

You may receive a default notice

Depending on the type of arrangement you have with your bank, they may send you a default notice if you're behind in your payments. A default notice is a letter from your bank warning you that your account is in default because you're behind with your payments.

You should read your default notice carefully, as it will tell you what the bank wants you to do, how long you have to do it, and other information about your position.

If you're issued with a default notice, you'll still have a limited period of time to come to an arrangement with your bank about your mortgage payments. You can still ask the bank for help at this stage. However, if you don't come to an arrangement with your bank, they may start court action.

You may receive a Statement of Claim

It's essential to stay in touch with your bank. Your bank will always look for ways to help you stay in your home or find another solution that works.

If they can't do that, and you've been unable to meet the conditions of the default notice, your bank may lodge a legal document called a Statement of Claim.

A Statement of Claim is an application made to the court that sets out how much your bank claims you owe them and why they are making the claim.

You should seek legal advice as soon as possible if you receive a Statement of Claim and definitely within four weeks of receiving this document. If you do nothing, the court may enter a judgment against you, and you may lose the opportunity to lodge a defence if you have one.

Legal costs relating to the Statement of Claim will be added to your loan balance. The sooner you contact your bank the better as this will help keep down the legal costs added to your loan.

You can still talk to your bank and try to come to an arrangement about the loan even after receiving a Statement of Claim.

You can also seek help from a free and independent [financial counsellor](#) on 1800 007 007 or [community lawyer](#). They may also assist you in lodging a complaint with AFCA if the bank hasn't tried to help you.

How to find a lawyer

Help is available.

[Legal Aid](#) is a government service in each state that provides legal services for free.

[Community Legal Centres](#) also provide legal services to socially and economically disadvantaged people.

If you have limited funds to pay for a lawyer, the Law Society in your state can give you the names of lawyers who might be able to help with your case. The lawyer will need to explain how much their services are likely to cost or they may take your case 'pro bono', where they are able to waive their fees.

How missed payments affect your credit rating

If you are in default on your loan this will affect your credit rating. The longer your payment is past due, the greater the negative impact it will have. If your bank takes legal action against you, this can further impact your credit rating. A poor credit rating can affect your ability to receive finance in the future. Your bank will tell you if they make a report about a default to a credit reporting body.

If your bank is working out whether they can help you with financial hardship, they are not usually allowed to report overdue payments to credit reporting bodies.

Avoid companies offering to repair your credit rating. The [Moneysmart website](#) explains what you can fix and how to do it for free.

Take care of yourself and seek help

Please reach out if you feel in over your head. You could also contact the [National Debt Helpline](#) on 1800 007 007 and speak with a financial counsellor. [Financial counsellors](#) are qualified professionals who provide free, independent and confidential information and advice to people in financial difficulty. [Charities and community organisations](#) can also provide urgent help with food, housing and bills as well as emotional support.

You could also contact [Beyond Blue](#) on 1800 512 348 who offer a wellbeing and mental health support service.

If you have debts with multiple banks, [Way Forward Debt Solutions](#) may be able to help you manage your debt.

[Moneysmart](#) is another useful resource to help you.

What if you're not happy with your bank's response?

If you're not happy with your bank's response, you can make a complaint. You can find more information here <https://www.ausbanking.org.au/for-customers/how-to-complain/>

In many cases, the complaint will be resolved internally between you and your bank with no further action required.

However, if your bank still doesn't resolve the complaint to your satisfaction, you can take your complaint to the [Australian Financial Complaints Authority \(AFCA\)](#).

AFCA is an independent complaints scheme that is free for consumers. It provides an accessible way of resolving disputes, without having to go to court. The decision of the AFCA is binding on the bank.

You should only go to the AFCA after you have tried to resolve things with your bank, as AFCA will not deal with your complaint unless you have first given the bank the chance to help you.

If you want some support in making a complaint, a financial counsellor may be able to assist you. Call the [National Debt Helpline](#) to speak with a financial counsellor on 1800 007 007.

REBUILDING RESILIENCE - GETTING MY FINANCES BACK ON TRACK

Talk to your bank as you rebuild your financial future

If your loan repayments are now back on track, then it's essential to take stock of what else has changed.

Your bank is ready to listen and help you to move forward.

The sooner you get in touch, the sooner you can start.

Getting back on track after financial difficulty

If your finances and livelihood have been hit by tough times, you are not alone. Suffering such a loss can shake your confidence and often leave you feeling helpless.

A good place to start is by contacting a [financial counsellor](#) on 1800 007 007. These qualified professionals provide free, independent, and confidential information and advice to help people better understand and manage their finances.

You could also contact [Beyond Blue](#) on 1800 512 348 who offer a wellbeing and mental health support service.

While rebuilding your finances may appear to be a tough task, there are several simple steps you can take to help.

SMART TIP

Keep a diary of everything you spend over a week, then a month, and you'll quickly see how things add up and where you may be able to save.

Assess your situation

The best way to start is to figure out where you stand right now, then think about where you want to land in the future.

You need to consider your income, your expenses, the debt you are managing and the savings you have to support you.

Stay positive

Just getting through each day may seem a challenge after suffering a financial loss. But with your finances starting to improve, you'll see the light at the end of the tunnel.

Adjust your budget to your current situation

Taking a closer look at your budget could help you to get your finances back on track.

Doing this will give you a better understanding of how much you can save, or where to make some cuts in your spending to improve your financial health.

For assistance with budgeting, you could use the online [Moneysmart budget planner](#).

Set realistic goals

Naturally, you'll want to get your finances back on track as soon as possible. But you'll have to be patient and face certain financial realities.

Even though you may wish to recover financially as soon as possible, if your expectations are unrealistic then you could become discouraged. It makes sense to establish a more realistic timeframe to get back on track then work towards that as a goal.

Build a savings buffer

Try to build a savings buffer as you start getting your finances back into shape. Putting aside a little from your income each week into a separate savings account will start building a safety net to help deal with unexpected costs or financial shocks. It may also help you avoid credit options that could put you further in debt. Even a small amount can make a difference, the important thing is to put money aside regularly.

Seek advice

Learning more about the fundamentals of managing your finances will help you bounce back and make more informed decisions in the future.

There are plenty of online resources that cover various aspects of personal finances and managing debt. Working with a [financial counsellor](#) is a good way to work with someone who can help guide you back to financial recovery.

Has my credit rating been affected?

In normal circumstances missing or making a late repayment on your loan will affect your credit rating. The longer your payment is past due, the greater the negative impact it will have. If your bank takes legal action against you, this can further impact your credit rating. A poor credit rating can affect your ability to receive finance in the future. Your bank will tell you if they make a report about a default to a credit reporting body.

However, as part of COVID-19 assistance offered by banks, the banks have agreed customers would not have any missed payments reflected on their credit report for the period of the payment deferrals.

Banks are not usually allowed to report overdue payments when they are working out whether they can help you with financial hardship.

SMART TIP

Avoid companies offering to repair your credit rating. The [Moneysmart website](#) explains what you can fix and how to do it for free.